NUEXCO

EXECUTIVE SUMMARY
REPORT 220
(All data as of November 30, 1986)

Exchange Value $16.75, down $0.25

The **Exchange Value** is **$16.75** per pound U_3O_8, down $0.25 since last month.

UF_6 Value $48.00, unchanged

The **UF_6 Value** is **$48.00** per kilogram U as UF_6, unchanged since last month.

Transactions

Six recent natural uranium sales are reported, involving approximately **750 thousand** pounds equivalent U_3O_8 in the near term, and approximately **5 million** pounds equivalent U_3O_8 in the longer term. Five of the sales involved spot or near-term delivery, and four met the conditions for inclusion in the Transaction Value. Four of the transactions involved natural UF_6.

Supply-Demand Ratio increased to 5.9:1

Active spot and near-term **uranium supply** amounts to **4.5 million** pounds U_3O_8 equivalent, up 790 thousand pounds since last month. Active spot and near-term **uranium demand** totals **770 thousand** pounds, down 180 thousand pounds. The spot and near-term **supply-demand ratio** increased to **5.9:1.**

Transaction Value $17.30, up $0.05

The **Transaction Value** is **$17.30** per pound U_3O_8, up $0.05 since last month. The calculation includes 13 transactions involving a total of 2.0 million pounds U_3O_8 and equivalent UF_6, and covers a period of 3 months.

Loan Rate unchanged at 4%

The **Loan Rate** is **4 percent** per annum, unchanged.

Conversion Value $1.80, down $0.10

The **Conversion Value** is **$1.80** per pound U as UF_6, down $0.10 since last month. Active secondary market supply for conversion services for delivery within three years totals 1.4 million pounds U as UF_6. Active demand totals 650 thousand pounds U as UF_6. One secondary market conversion transaction is reported.

SWU Value for delivery within one year: $80, up $2

The **SWU Value** at .3 tails and for delivery within one year is **$80** per SWU, up $2 since last month. Three secondary market SWU transactions are reported, involving approximately 200 thousand SWUs.

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Analysis and Commentary

Despite its floor price policy, Australia is moving back into the forefront of uranium supply nations. This article discusses the supply positions of ERA, Olympic Dam, and Queensland Mines, as well as uranium policies and politics in Australia.

Basic Considerations

The Thorium High-Temperature Reactor (THTR 300) in the Federal Republic of Germany (North-Rhine Westphalia) reached its rated power of 300 MWe in September. The unit is the prototype plant in Germany's High-Temperature Reactor program.

United States

The Energy Information Administration (EIA) has just released its 1985 viability assessment of the US uranium mining and milling industry. Energy Secretary Herrington will use the study in his determination of the uranium industry's viability for 1985. Figures from the latest assessment generally indicate that the industry is in a poorer condition than it was in 1984, when it was determined to be nonviable, so Secretary Herrington will almost certainly repeat that finding for 1985.

Raw Materials

This is the first part of a two-part article on solution mining of uranium. Solution mining has developed into a cost-effective and environmentally attractive mining process, especially for the low-grade reserves often found in the USA.

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NUEXCO REPORT 220 FIGURES OF THE MONTH (November 30, 1986)	This Month (Report 220)	Last Month (Report 219)	12 Months Ago (Report 208)
Exchange Value[1]	16.75	17.00	16.75
Transaction Value[1]	17.30	17.25	15.80
UF_6 Value[2]	48.00	48.00	46.00
Loan Rate[3]	4%	4%	5%
Conversion Value[4]	1.80	1.90	1.60
Near-Term Uranium Supply[5]	4.5	3.7	3.6
Near-Term Uranium Demand[6]	0.8	1.0	2.3
Near-Term Supply-Demand Ratio	5.9	3.9	1.6
Recent Uranium Sales:			
Number of Transactions[7]	6	6	1
Quantity of Material[8]	0.8	1.0	0.2
Nuexco SWU Value:[9]			
at 0.3 tails assay and delivery within one year	80	78	78
USDOE SWU Prices:			
USEC	119.00[10]	119.00[10]	125.00[11]
AFC	153.00[12]	153.00[12]	153.00[12]
Requirements	157.00[12]	157.00[12]	157.00[12]
Incentive Price	90.00[13]	—	—
Market Value of Enriched UF_6[14,15]:			
2.5 w/o U_{235}	459	458	451
3.0 w/o U_{235}	588	586	578
3.5 w/o U_{235}	719	717	707
4.0 w/o U_{235}	852	849	837

[1]US $ per pound U_3O_8 equivalent.
[2]US $ per kilogram U as UF_6.
[3]Per annum.
[4]US $ per pound U as UF_6.
[5]Active inquiries to sell, for delivery within 12 months after contract signing (millions of pounds U_3O_8).
[6]Active inquiries to purchase, for delivery within 12 months after contract signing (millions of pounds U_3O_8).
[7]Uranium sales only; does not include loans, conversion, or SWU transactions.
[8]Millions of pounds U_3O_8 equivalent.
[9]US $ per SWU.
[10]Effective 10/1/86.
[11]Effective 10/1/85.
[12]Effective 10/1/84.
[13]Effective 10/1/86, for up to 30% of annual requirements.
[14]Calculated using the Nuexco Exchange Value, Conversion Value, and 0.30 percent tails assay. From 4/30/85 to 11/30/85, calculations used the Nuexco SWU Value for DOE origin and delivery by the end of FY86. As of 12/31/85, calculations use the SWU Value for delivery within one year.
[15]US $ per KgU as UF_6, rounded to the nearest $.

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